

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 ACDA-19 IO-14 SCEM-02 SCI-06 INT-08

COME-00 TRSE-00 OMB-01 DRC-01 /165 W

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P 161935Z NOV 73

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC PRIORITY 2111

INFO ALL AMCONSULS IN CANADA

UNCLAS OTTAWA 2729

E.O. 11652: N/A

TAGS: ENRG, CA, US

SUBJECT: CANADIAN-UNITED STATES ENERGY RELATIONS: PRESS

COMMENTARY.

1. TORONTO GLOBE AND MAIL OF NOVEMBER 16 CARRIES FRONT-PAGE ARTICLE (ROSS MUNRO) AND EDITORIAL ON U.S. - CANADIAN ENERGY RELATIONS QUOTING DEPUTY ASSISTANT SECRETARY KATZ EXTENSIVELY.

2. MUNRO STORY REPORTS THAT KATZ TOLD CONGRESSIONAL SUB-COMMITTEE ON NOVEMBER 15 THAT CANADA IS TRYING TO BE "MOST COOPERATIVE" TOWARD THE U.S. IN ITS HANDLING OF ENERGY PROBLEM, THAT KATZ "ENDORSED" CANADIAN DIPLOMATIC NOTE DELIVERED TO DEPARTMENT NOVEMBER 13 AS "COOPERATIVE," AND THAT KATZ SAID GOC HAS ASSURED WASHINGTON THAT CANADA IS NOT "IN ANY SENSE" WITHHOLDING ENERGY SUPPLIES FROM U.S.

3. MUNRO NOTES THAT KATZ TESTIMONY WAS "IN MARKED CONTRAST TO THAT OF CONGRESSMEN WHO CHARGED ON WEDNESDAY THAT CANADIAN ENERGY EXPORT POLICIES WERE PARTLY TO BLAME FOR THE FUEL SHORTAGES IN THEIR HOME DISTRICTS." MUNRO STATES THAT KATZ REFUSED TO AGREE WITH CONGRESSMAN WHO CLAIMED U.S. - CANADIAN RELATIONS HAD DETERIORATED IN ENERGY FIELD, SAYING

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"I AM NOT AWARE THAT THERE IS A HARDENING ON THE PART OF THE

CANADIAN GOVERNMENT REGARDING ENERGY MATTERS." KATZ ACCORDING TO ARTICLE, ALSO REPORTEDLY SUGGESTED STRONGLY THAT U.S. CAN EXPECT SMALLER AMOUNTS OF CANADIAN OIL IN FUTURE, DESPITE ALL-TIME HIGH EXPORTS IN APRIL, AND WARNED THAT CANADA MIGHT HAVE NO CONVENTIONAL OIL EXPORTS FOR U.S. AFTER 1979.

4. KATZ ALSO ATTRIBUTED WITH SAYING THAT WHILE CANADA AND U.S. PROBABLY CANNOT FORMULATE A JOINT ENERGY POLICY, THERE ARE "SOME POSSIBILITIES WHERE WE CAN EASE DISLOCATIONS."

5. KATZ, MUNRO STATES, ALSO REPEATED U.S. OPPOSITION TO THE OIL EXPORT TAX AND SAID THAT COMBINATION OF TAX WITH RESTRICTIVE EXPORT CONTROLS IS "NOT APPROPRIATE."

6. ARTICLE CONCLUDES WITH FOLLOWING KATZ QUOTE: "WE REALLY ARE WORKING VERY CLOSELY TOGETHER... I THINK IF ANYTHING, THE SITUATION SHOWS THAT WHEN THERE IS A PROBLEM WE DO PULL TOGETHER."

7. GLOBE AND MAIL EDITORIAL ALSO QUOTES SIMILAR PORTIONS OF KATZ TESTIMONY AS EXAMPLE OF AMERICAN FRIENDSHIP FOR CANADA IN CONTRAST TO AMERICANS "WHO WANT TO RETALIATE FOR WHAT THEY CONSIDER AN EMBARGO BY CANADA ON FOREIGN OIL PASSING THROUGH CANADA TO THE UNITED STATES."

8. EDITORIAL ALSO CALLS UPON CANADA IN PRESENT CRISIS TO "MAKE AVAILABLE WHATEVER OIL IS SURPLUS TO OUR OWN ABSOLUTELY ESSENTIAL REQUIREMENTS; CANADA SHOULD BE PREPARED TO SHARE U.S. DEPRIVATION; CANADA APPARENTLY IS."

9. REMAINDER OF EDITORIAL DEALS WITH POSSIBILITY THAT GOC "WILL REQUIRE CANADIANS TO PAY WORLD PRICES FOR CANADIAN OIL" AFTER FEBRUARY 1 WHEN FREEZE IS DUE TO END. GLOBE AND MAIL SAYS SUCH A POLICY WOULD RAISE OIL COSTS BY 50 PERCENT AND "UNDOUBTEDLY PRECIPITATE AN ELECTION" ON AN ISSUE WHICH WOULD ENSURE A LIBERAL DEFEAT.

10. MONTREAL GAZETTE (NOVEMBER 16) ALSO REPORTS ON FRONT PAGE THAT ENERGY CRISIS "MAY PLUNGE FEDERAL POLITICIANS INTO UNCLASSIFIED

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A RARE MID-WINTER GENERAL ELECTION." NEW DEMOCRATIC PARTY MP SALTSMAN, CHARACTERIZED AS ENERGY SPOKESMAN FOR NDP, REPORTEDLY SAID THAT IF OIL PRICE FREEZE LIFTED AT END OF JANUARY "WE'LL DEFEAT THE GOVERNMENT THIS WINTER." SCHMIDT

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 16 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973OTTAWA02729
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731129/aaaaauyg.tel
Line Count: 112
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: kellerpr
Review Comment: n/a
Review Content Flags:
Review Date: 20 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20-Aug-2001 by maustmc>; APPROVED <02-Jan-2002 by kellerpr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CANADIAN-UNITED STATES ENERGY RELATIONS: PRESS COMMENTARY.
TAGS: ENRG, CA, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005